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ABSTRACT

The authors of this report argue that state boards of education must play an active part in assisting local districts with planning for enrollment decline. The authors review statistical data showing that enrollment decline in big city schools is generally worse than in other areas. State boards must be prepared to help districts that stand to lose state aid because of fewer students. But declining enrollment aid provisions should be directed only at those districts with the highest rates of decline. The authors also suggest that districts encourage retirement for school staff by lowering the retirement age and by eliminating penalties for early retirement. Inservice training should be provided to keep the staff informed. State boards should provide technical assistance to local districts to encourage more effective management of limited resources. A list of recommendations directed at state board of education members supplements this report. (Author/DS)

THE IMPERATIVE OF LEADERSHIP

Volume II, Number 1

A REPORT ON DECLINING ENROLLMENTS

NASBE

CONTENTS

This report represents Volume II, No. 1 in NASBE's *Imperative of Leadership* series. Volume I contained the following reports made available free-of-charge to all NASBE members with funds provided by ESEA, P.L. 89-10, Title V, Section 505 through the state of New York: *Educational Governance* (No. 1); *Reforming School Finance* (No. 2); *Strengthening and Improving Relationships Between State Boards of Education and Legislators* (No. 3); *Accountability and Assessment* (No. 4); *The Education of Disadvantaged and Minority Children: A Multicultural Perspective* (No. 5); *The Planning, Improvement and Governance of Vocational and Vocational-Technical Education* (No. 6). Volume II, No. 1 on *Declining Enrollments* is made available through funds provided by the National Institute of Education (NIE). Volume II, No. 8, on Preventive Health Education will be funded by the Department of Health, Education and Welfare, Center for Disease Control, Atlanta, Georgia.

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TABLES

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PREFACE

This report on *Declining Enrollments* is the first in a second series of papers on critical issues in education with implications for State Board of Education leadership. Its publication is made available to all NASBE members through funds provided by the National Institute of Education (NIE), Washington, D.C.

NASBE wishes to express its appreciation to Dr. Robert J. Goettel, associate professor, the State University of New York (Syracuse) and senior consultant to the Syracuse Research Corporation (SRC), Educational Finance and Governance Center; and to Dana W. Paige, research associate at SRC's Educational Finance and Governance Center, who collaborated in writing the research text. Dr. Goettel was director of SRC's Educational Finance and Governance Center at the time this report was written. NASBE also wishes to thank Raymond F. Wormwood and Robert J. Cunningham of NIE who coordinated efforts in producing this package.

The *Imperative of Leadership* series will be published monthly for the next seven months with funds provided by the Elementary and Secondary Education Act of 1965 (ESEA—Public Law 89-10, Title V, Section 505), through the State of New York. It will include reports on the following topics of concern, chosen by a random survey of State Board members:

- **Developing Effective and Visible State Boards of Education;**
- **Alternative Methods of Teacher Certification;**
- **Career Education;**
- **Developing Board Agendas That Focus on Policy;**
- **Developing Consistent and Cooperative Constituency Linkages;**
- **Community Education.**

An eighth report on *Preventive Health Education* will be published through funds provided by the U.S. Department of Health, Education and Welfare, Center for Disease Control in Atlanta, Georgia.

The organizational format of these reports has been designed to enhance comprehensibility and to appeal to various types of readers. Section I provides an *Overview Summary* of major points covered indepth in Section II, the research text. Section III, developed by the NASBE staff, presents pragmatic *Action Alternatives* that educational policy makers might pursue in contending with real or potential problems. An *Appendix* of review sources and footnotes is contained in Section IV.

James M. Connor
NASBE President

July 1976
Denver, Colorado

SECTION I

Overview Summary

Policy makers intent on maintaining a sound educational system for the nation's school children must necessarily concern themselves with the problems inherent in declining enrollments. That public elementary and secondary school enrollments are on a downslide across the country is fact—and the ramifications of that set of circumstances are many and varied. As Goettel and Paige indicate, fewer students can mean, in part:

- **a diminished or stable need for teachers, leading to fewer jobs for new teachers and less mobility for teachers currently holding positions;**
- **a possible reduction in innovative educational programs;**
- **a broad education including instruction in the arts and humanities that is jeopardized because of fewer teachers and fewer dollars;**
- **hampered community relations due to the possibility of increased taxes in the face of perhaps reduced educational services; and**
- **maintenance costs that remain high, at least for the present, despite reductions in student population.**

Concluding that you have to know what a problem is before you can reasonably expect to do something about it, the authors make a strong case for educational leaders to learn where enrollment declines have taken place or are occurring in their states. They argue that the time to defend the educational system against the damaging side effects of declining enrollments is before they happen so that measures can be taken to offset their negative impact on educational quality. You perhaps may not be able to halt the decreases in student population, but you can take definitive steps to deal with the diverse problems that are consequent to them.

In a review of data published by the National Center for Education Statistics (NCES), Goettel and Paige observed that, between 1971-75, K-12 enrollments declined in all but eight states. Over the same four-year period, only three states—Arizona, Florida and New Hampshire—failed to experience declines in grades K-8. It, therefore, seems reasonable to expect enrollments to continue to decline in almost all states, at least through 1980, and perhaps beyond, emphasizing the need for farsighted action by education leaders.

Contending that student population decreases are primarily a problem for the big city schools, the authors cite the migration of non-minority students and families from the cities to the suburbs as at least one of the reasons. Not only has this migration led to a more noticeable decline in enrollments in the city schools, they note, but it also has altered the mix of students who attend city schools, leaving in those schools a larger proportion of students in need of "intensive education." Those students are more expensive to educate, requiring in larger numbers compensatory programs and other remedial and/or special programs.

Rural areas with decreases in student population are not immune to the fiscal burdens implicit in declining enrollments. If declines are severe enough to close schools, those students must then be transported—sometimes for large distances—increasing the financial hardship in those school districts.

The situation presented by declining enrollments, therefore, is a multifaceted one: fewer students and less money juxtaposed against increased costs or costs maintained at current levels. Add to this the financial crises facing many of the states, with reduced state aid to local school districts as a probable if not actual offshoot of that, and the perplexities manifest in reduced student populations can be formidable.

Prescient action by State Boards of Education can help alleviate the syndrome created by declining enrollments. Looking now at teacher, student, transportation, fiscal and other needs that will be apparent in the not too distant future, always advisable, is now imperative. □

SECTION II

Declining Enrollments

By Robert J. Goettel, Associate Professor of Educational Administration, the State University of New York and Senior Consultant, Syracuse Research Corporation (SRC), Syracuse, New York; with Dana W. Paige, Research Associate, the Educational Finance and Governance Center, SRC.

Enrollments are declining, and many of the ills plaguing elementary and secondary school districts are often attributed to those declines. The inability of school districts to reduce costs commensurate with the loss of pupils, reductions in teaching positions, community conflict over the closing of school buildings, and the loss of state aid are problems associated with lower enrollments and the general decline in standing of the education enterprise.

Our purpose is to examine the effects of fluctuating or declining enrollments on education, and to suggest ways in which State Boards of Education can exert leadership in dealing with the problems and opportunities created by declines. To be understood, the effects of decline must be examined not only for each state, but also for areas and individual districts within the state.

Our analysis is drawn primarily from a study that we are currently conducting for the United States Office of Education (USOE) in which we surveyed each of the 50 state education agencies and 500 of the highest decline districts in the country. We have used the results of that state survey, our very initial examination of responses from over 300 of the local districts and our review of reports and related materials obtained directly from the states in preparing this report. We have drawn also upon numerous contacts with state and local officials over the past several years regarding their problems and responses to declining enrollments.

The importance of State Board leadership in finding solutions to the immediate problems created by decline is considered. And, more important, State Board direction in building the confidence and the capacity for improving education in the no-growth environment that is likely to be our future is noted.

HOW AND WHERE ARE ENROLLMENTS DECLINING?

Table 1 shows that total Fall enrollment in regular elementary and secondary schools increased four per cent nationwide between 1964-1974. However, enrollments actually increased steadily only until 1970; and then fell from the peak year (1970) level of 51.3 million to 49.8 million by 1974, a decline of 2.9 per cent. By 1984, enrollments are expected to decline to 44.8 million, 12.7 per cent below the 1970 figure.

While grades K-12 enrollments are expected to decline until 1984, K-8 enrollment projections show an increase beginning in Fall 1982. Enrollments in 9-12, however, will continue to decline; estimates to 1990 indicate that 9-12 enrollments will drop to 11.9 million.[2] Projected increases in K-8 enrollments are based on the assumption of 2.1 births per woman of childbearing age—the population replacement level. But, some population demographers view that assumption as too high since many women are having their first child at a much later age than in the past. If they are correct, then year-to-year increases in K-12 enrollments will be very modest.

TABLE 1

Fall Enrollment in Regular Elementary and Secondary Day Schools (in thousands.)

Total	*1964*	*1974*	*% Change*	*1984 Projected*	*% Change 1974-1984*
K-12	47,716	49,756	4	44,800	-10
K-8	35,025	34,419	-2	31,500	- 8
9-12	12,691	15,337	21	13,300	-13
Public					
K-12	41,416	45,056	9	40,600	-10
K-8	30,025	30,919	3	28,500	- 8
9-12	11,391	14,137	24	12,100	-14
Non-public					
K-12	6,300	4,700	-25	4,200	-11

Based on a replacement birth rate of 2.1 births per woman of childbearing age. (U.S. Census Bureau Series I Replacement level of 2.7 or Series II of 1.7 births per woman of childbearing age may be used instead.)

Assumes further that the percentage of schoolage pupils enrolling in school will continue the trends of the past 10 years and that retention rates will remain constant at 1970-74 levels.

Source: U.S. Dept. of Health, Education and Welfare, Education Division, Projections of Education Statistics to 1984-85, (U.S. Government Printing Office, 1976).

While it appears evident that we will experience continued declines at the elementary level for at least the next five to six years, and at the secondary level for a much longer time period, the pattern of such declines at the state and local levels may be quite different and the implications for education more striking. Among states and local districts, an additional and perhaps more difficult to project set of factors enters the picture. Migration between and within different areas of the country and within substate jurisdictions, will ultimately result in quite different patterns of enrollment growth or decline throughout the country. Table 2 illustrates statewide changes in public school enrollments between Fall 1971 and Fall 1975. Declines in K-8 enrollment are evident in all but three states—New Hampshire, Florida and

Arizona—and they exhibited slight increases in enrollments over that four-year period. With the exception of Alabama, all states with K-8 enrollment declines greater than eight per cent are found in the northeast or midwest regions of the country.

The projections to Fall 1980 were provided by the states through the survey that we recently conducted for USOE. Though the reliability of these state level projections may vary, it is interesting to note the substantial projected declines of the 8-10 per cent group compared to the moderate losses anticipated in the above 10 per cent group. Perhaps the declining enrollment phenomenon has already "played its hand" in those states that declined the most over the past four years. Most of the small declines or actual increases in enrollment are found in the "sun belt" states of the south and west. Florida and Arizona show healthy growth rates between 1971 and 1975 and also project increases in enrollments to continue.

Large City Schools

Severe enrollment decline is primarily an urban problem. When state education departments were asked where they expected the greatest declines to occur in the next five years, officials in 17 of the 37 states responding indicated that the most severe decline would be in the state's largest city with another six indicating the largest city would rank second among areas experiencing severe declines. Nineteen states ranked "second order cities" (next five largest) as either first or second among areas most likely to experience decline.

Large cities are viewed as areas of highest decline whether or not the state is itself experiencing large, moderate or small declines. The ranking of large and second order cities as those likely to experience the highest decline was also evident in some rural states (Arkansas, Kansas, South Dakota and Vermont). In five of the eight states not ranking cities as the principal candidates for decline, rural areas and small towns were ranked one and two.

Our analysis of existing data showed that only twelve of 85 city districts in the nation's largest cities had enrollment increases between 1970 and 1974—three in Florida and two each in Texas and California. Despite these few increases—most of which occurred in the "sunbelt" states—principal cities in the south and west, like other cities around the country, primarily experienced enrollment declines.

Texas presents a good example of that situation. Although Austin and El Paso show increases of 6.3 and 0.7 per cent respectively, Corpus Christi, Dallas, Fort Worth, Houston and San Antonio's principal city districts all experienced marked declines. Out-migration from the city districts of non-minority pupils and absolute increases of minority group pupils within large city districts have produced substantial changes in the enrollment mix in Texas cities. For example, in Dallas and Forth Worth, increasing black and Spanish-surname enrollments occurred simultaneously with decreases in non-minority enrollment. Substantial declines in non-minority enrollments are responsible also for the overall district declines in Corpus Christi and San Antonio. Similar changes can be observed in the mix of enrollment characteristics in many of the 85 largest cities. The changing composition of city school district enrollments has profound effects on the educational and fiscal needs of such districts.[3]

TABLE 2

Percentage Change In Enrollments in the Fifty States Ranked By Per Cent K-8 Decline

(All percentages are negative unless otherwise noted.)

State	% Change in Enrollments Between Fall 1971 and Fall 1975 K-8	% Change in Enrollments Between Fall 1971 and Fall 1975 K-12	Projected Change Fall 1975 to Fall 1980 K-12
More than 10%			
Kansas	15.40%	11.40%	1.64%
North Dakota	13.89	8.59	NR*
South Dakota	10.73	7.42	4.80
Rhode Island	10.51	7.18	4.56
8-10%			
Iowa	9.63	5.66	14.50
Delaware	9.18	4.45	15.88
Illinois	9.08	4.27	10.52
Alabama	8.87	6.11	NR
Nebraska	8.52	4.92	5.14
Pennsylvania	8.49	4.62	15.25
Ohio	8.15	5.11	10.95
Minnesota	8.04	3.27	13.04
6-8%			
Hawaii	7.90	4.71	3.50
Indiana	7.82	4.37	6.77
Missouri	7.71	2.87	NA**
Maryland	7.69	3.80	6.80
Oklahoma	7.68	5.55	NA
New Mexico	7.64	1.73	6.16
Montana	7.40	4.19	5.16
Mississippi	7.20	3.84	NA
New York	7.06	3.07	11.86
Wisconsin	6.68	3.19	5.03
Connecticut	6.58	1.77	NR
Louisiana	6.31	2.47	NA
Kentucky	6.27	3.51	+1.01
California	6.23	4.51	8.17
4-6%			
Washington	5.90	3.23	NA
Michigan	5.30	4.15	NA
New Jersey	5.17	2.65	11.66
Tennessee	5.05	3.63	NR
South Carolina	4.66	4.10	2.39
Vermont	4.46	1.27	NA
Arkansas	4.29	2.22	7.96
2-4%			
Colorado	3.70	2.66	5.84
Maine	3.69	+ .64	NA
Virginia	2.85	+ .92	6.33
Wyoming	2.79	1.65	NA
Alaska	2.72	+1.91	+3.38

State	% Change in Enrollment Between Fall 1971 and Fall 1975 K-8	K-12	Projected Change Fall 1975 to Fall 1980 K-12
(2-4%, continued)			
Utah	2.63	.57	6.28
Texas	2.56	1.76	NR
West Virginia	2.06	.58	7.57
0-2%			
Oregon	1.94	1.14	3.49
Massachusetts	1.92	+ .74	7.36
North Carolina	1.88	.62	3.74
Georgia	1.88	1.97	NA
Idaho	1.78	.47	NA
Nevada	.04	+4.46	NA
+			
New Hampshire	+1.17	+4.26	NA
Florida	+2.57	+4.42	+2.78
Arizona	+2.99	+3.98	+7.42

*NR = Survey not returned.
**NA = Data not available.

Source: 1971-75 Percentage changes are calculated from Table 27 (1972) and Table 26 (1975), Digest of Education Statistics, National Center for Education Statistics 1971 and 1975 editions, U.S. Dept. of Health, Education and Welfare, Education Division. The projected changes 1975-80 are obtained directly from state education agencies through a survey conducted for USOE by SRC.

WHAT POLICY MAKING PROBLEMS ARE CREATED BY FLUCTUATING ENROLLMENTS?

Declining enrollments create or exacerbate a number of *fiscal, educational program* and *community support* problems currently confronting state and local policy makers and school officials. Some problems are common to almost all state and local districts. Others affect just those districts experiencing severe declines concurrent with difficulties in other policy making areas.

Fiscal Problems

The major problem facing all districts with declining enrollments—indeed, any public or private enterprise caught in a period of retrenchment—is that costs cannot be reduced as rapidly as can the number of pupils to be served. For example, the cost of facility maintenance and operation remains at least constant until enrollment drops sufficiently to close a school. As the number of teachers is reduced in response to a smaller demand, the opportunity to replace experienced, more costly staff with less costly beginning teachers is virtually eliminated. Indeed, it is becoming increasingly common to hear about districts without a single non-tenured teacher on staff. The result is that even if the salary schedule were not raised, the average cost of a teacher would increase with no improvement in services.

Despite rising costs fewer pupils mean less state aid and those districts experiencing severe declines lose the most aid. This occurs not only because such districts have fewer pupils eligible for aid, but also because they

"look" relatively more wealthy since their property valuation per pupil is higher than similar districts experiencing less decline. Low tax base (low wealth) districts that receive the most aid under state equalizing formulas are the ones hurt the most. This may be an especially difficult problem for low tax base, high tax effort districts in the more than one dozen states that have recently adopted "reward for effort" district power equalizing or guaranteed yield formulas since enrollment declines produce a higher tax base per pupil and a lower aidable tax rate, two of the factors most important in determining aid for each pupil.[4] (Under "reward for effort" formulas, equal tax rates guarantee equal per pupil expenditures from state and local sources combined.) Also, in those states without categorical aid programs to cover the extra costs of vocational, special and compensatory education and transportation services, the heavier concentrations of pupils requiring these services that often accompany a severe enrollment decline place an even greater fiscal burden on the locality.

The optional responses to declining enrollments and a concomitant state fiscal crisis are to obtain additional state aid, raise local taxes or reduce services. Where the state level fiscal crisis has been so severe that state aid has not been increased, and local taxes have been raised only marginally, districts have reduced or eliminated services. In other situations, a more favorable fiscal climate has permitted staffing ratios to be improved. An initial and very tentative examination of survey responses from over 300 of the highest decline districts throughout the country suggests that very few districts have actually made cutbacks as of the 1975-76 school year. A recent comparison of twenty declining—with twenty increasing—enrollment districts in Michigan found that most of the districts improved services, though often with substantial increases in millage rates.[5] Nevertheless, since some districts are experiencing severe reductions, and there is some indication that they tend to be districts serving low-income populations, states should know the extent to which declining enrollments contribute to or help ameliorate existing district-to-district inequities.[6]

Educational Implications of "Reductions in Force"

In declining enrollment districts, the "in" acronym is RIF—Reduction in Force. The reduced opportunity for injecting new blood into the teaching enterprise could be the most alarming consequence of declining enrollments. Moreover, it is a factor affecting almost all districts, not just those with severe declines.

The enlightening studies of the "change agent process" by Paul Berman, Milbrey Walling McLaughlin and their associates at the RAND Corporation[7] (Santa Monica, Calif.), and the evaluations of compensatory education programs in Michigan conducted by Charles L. Blaschke and his associates at Education Turnkey, Inc.,[8] have once again emphasized the key role played by committed teachers and administrators in implementing programs that effectively meet the needs of children. One of the most expeditious and traditional vehicles for awakening staff consciousness toward improving instruction has been to change the people involved by hiring a new principal and by bringing fresh faces onto a teaching staff. Though certainly not a consistent determinant of change and improved instruction, the injection of new blood has often served as a precondition to successful implementation of more effective educational strategies.

Without the constant expansion of enrollments, most teaching staffs are characterized by increasing stability. Not merely are far fewer beginning teachers entering teaching, but there is considerably less district-to-district mobility of

experienced teachers than in the past. At the same time, the more stringent fiscal procedures adopted by many districts have resulted in the elimination of funds for activities assumed to promote commitment to program improvement, such as inservice training, teacher visitations to other schools and attendance at conferences. While the effectiveness of these activities was not universally accepted, today's schools often lack systematic procedures designed to rejuvenate the spirit and renew the teaching strategies of teachers.

In contrast to the absence of staff changes in most schools, high decline districts forced to dismiss teachers may experience considerable school-to-school mobility as older teachers "bump" younger colleagues out of positions when their own are eliminated due to school closings or because their particular specialty has been eliminated. One of the obvious consequences of adhering to a bumping system based on seniority is that a senior teacher in one subject area could end up teaching in another area and, perhaps, at another level. From the point of view of a 45-year-old teacher who cannot find a job elsewhere, bumping makes more sense than losing a job. But, for a local community that would like to see a young teacher teaching in the discipline for which he was trained, the values are quite different. An added complexity is the issue of staff racial and sex balance where the danger is that many of the minority group faculty hired in recent years will be dismissed under "last hired, first fired" provisions.

Problems of Community Support

Community support for local school districts must be translated into a willingness to pay higher school taxes in order to fund school services. In the period of growth that characterized the late-1950's and 1960's, higher school taxes usually meant more extensive services and often new facilities. But in those states and school districts in which declining enrollments are combined with a local fiscal crisis, higher school taxes may mean fewer services and less year-to-year stability in school attendance boundaries. Despite reduction of services, local school officials are finding it increasingly difficult to pass millage or budget elections. Voters are not usually persuaded that all reasonable cost-cutting opportunities created by enrollment declines are achieved when they see the total school budget as well as the average per pupil expenditure rise. Many local school districts that are hard pressed fiscally are annually committing considerable amounts of staff resources to communicating with parents and voters about the problems and options facing the school district.

Frequently, the process of identifying schools to be closed becomes a test of the mettle of school officials and Boards of Education; certainly more of a test than was the decision to build a new facility or what it should look like a decade ago. The competing values embodied in the neighborhood school and the desire to not raise taxes while maintaining existing services are the starting points for controversy. Many districts have found ways to balance these multiple goals, but others have endured months of conflict. While sophisticated technological analyses of various options available to each school district have proven to be insufficient for resolving competing values, such analyses may be a necessary though not determining factor in finding acceptable solutions.

Concern with school closings takes on one form in large, primarily urban school districts where there is a single administrative agency and school board responsible for making the decision. But, in small rural school districts where there is often only a single elementary, intermediate and/or high

school, realistic facility flexibility is often non-existent. Declining enrollments may force rural districts, which have resisted consolidation for the past two or three decades, to test their values of fiscal prudence against their values of independence or local control.

WHAT CAN STATES DO TO HELP LOCAL DISTRICTS?

State Boards of Education and state education agencies can take a number of steps to address problems created or aggravated by enrollment declines. These include the following:

- **Provide for collecting and analyzing reliable information to make enrollment projections and identify current effects of fluctuating enrollments on costs, services and tax rates.**
- **Help districts with fiscal pressures exacerbated by decline by providing special aid for high decline districts and assuring an equitable and responsive state aid system.**
- **Assure the fiscal viability of employee pension systems, including development of techniques to encourage early retirement.**
- **Provide technical assistance to help local districts cope with the planning and community relations problems created by declining enrollments.**
- **Set and maintain service standards to assure quality education for all pupils.**
- **Provide comprehensive and effective inservice training experiences for teachers.**

Understanding the Problems: Collecting and Analyzing Appropriate Information

Enrollment trends and the problems created by fluctuating enrollment patterns in each state may be vastly different from national patterns. Yet, 13 of the 45 states responding to our declining enrollment survey could not provide state level enrollment projections for even the next five years. On the other hand, some states have projections for regions within the state and, occasionally, for individual districts.

Clearly, the very first step in understanding the nature of the problem that may face each State Board is to collect and analyze information that facilitates long range planning. Such information should tell how much of a decline can be expected, what kinds of districts will be affected and how they are likely to be affected.

Similarly, each state should have information about the current effects of enrollment decline. Changes in staffing and service patterns, tax rates and costs should be monitored annually. Recent reports in Illinois and Minnesota are excellent examples of such studies.[9] The development, implementation and evaluation of state policy to address the problem of enrollment decline cannot be made without information that tells who has the problem, its severity and how long it is likely to persist.

Dealing with the Fiscal Crisis

School districts already hardpressed to maintain programs without inordinate increases in local taxes find a severe declining enrollment condition the 'straw that breaks the camel's back.' Such districts cannot reduce costs in proportion to reductions in enrollment. They need additional state aid to cover the unavoidable period of inefficiency until a reduction of costs more in line with reduced size can be realized.

Twenty-one of the 45 responding states have special provisions in their school aid formulas designed to cushion the impact of enrollment declines. These states and their particular provisions are listed in Table 3. Only three—Michigan, Idaho and California—have provisions directed exclusively at high decline districts and one of those, California, affects only the calculation of local tax limits, not state aid. Eight states employ the traditional adjustment used to avoid dealing directly with a problem—the hold harmless provision. No matter what the condition or relative need of individual districts, the prior year's per pupil or total aid is guaranteed. Eleven states soften the impact of declining enrollments by permitting local districts to average pupil counts over the prior two or three years.

Hold harmless and enrollment-averaging provisions are politically attractive because all districts benefit and those with the most severe declines appear to be helped the most. However, in a period when almost all districts are declining to some extent, states should focus special funds to cover short run problems only in those districts where declines are most severe, perhaps greater than the state average. The state aid thus "saved" could then be used to address other concerns, some of which also might be present in the high decline districts.

TABLE 3

Declining Enrollment Provisions By State

Enrollment Averaging	*Fall 1971-Fall 1975 K-12 Change in Enrollment*	*State Provision*
Arizona	+3.98%	Prior year's pupil count may be used.
Colorado	-2.66	Prior year's ADA* or average of 3 years' ADA may be used.
Illinois	-4.27	Prior year's best 6 month's ADA used—not originally adopted as a declining enrollment measure.
Indiana	-4.37	Prior year's pupil count may be used.
Iowa	-5.66	50% of the initial 5% decrease in enrollment; 25% of the decrease greater than 5% may be used for aid purposes. Additional aid may be authorized by School Budget Review Committee upon appeal.
Kansas	-11.40	Prior year's enrollment may be used to calculate district budget (affecting state aid) if decline is less than 5, 7.5 or 10% in large, medium, or small districts, respectively.
Minnesota	-3.27	60% of decrease from prior year in weighted ADM.** 50% of decrease for Minneapolis and St. Paul districts.
Ohio	-5.11	Average of three years' ADM may be used.

Enrollment Averaging	*Fall 1971-Fall 1975 K-12 Change in Enrollment*	*State Provision*
South Carolina	-4.10	District may use current or prior year's ADA. Created to deal with "fluctuating" enrollment problem.
North Dakota	-8.59	Average enrollment for two years may be used.
Montana	-4.19	Prior year's "average number belonging" may be used.
Hold Harmless Guarantee		
Arkansas	-2.22	Previous year's total aid guaranteed.
Florida	+4.42	Previous year's per pupil aid guaranteed.
Michigan	-4.15	Effective 1976-77, previous year's per pupil aid is guaranteed. Additional allocation for enrollment reduction greater than the state average.
Mississippi	-3.84	Guarantee of 95% of teacher units based on prior year's ADA.
Oregon	-1.14	75% of current year's flat grant allocated for each pupil "lost" between December 31 of current year and June 30 of prior year.
Nevada	+4.46	Previous year's total aid permitted. Emergency financial assistance available to alleviate financial hardship.
New Jersey	-2.65	Effective in 1976-77—hold harmless guarantee of total aid paid in 1974-75; 50% hold harmless in 1977-78; none thereafter.
New York	-3.07	Previous year's total aid is guaranteed.
California	-4.51	75% of decline in ADA added to current ADA [in districts with greater than 1% decline from previous year]. Only used to calculate revenue limits, not for state aid purposes.
Idaho	- .47	Previous year's ADA—(either 3% of the ADA or 25 ADA, whichever is greater) may be used; may not be used in two consecutive years.

*ADA—average daily attendance.
**ADM—average daily membership.

Sources: Digest of Educational Statistics, 1972 and 1975 (National Center for Educational Statistics 1973 and 1976); and SRC Survey of Declining Enrollments data base.

Rather than simply protect all districts through a hold harmless provision regardless of their relative need, states should annually change the factors used to calculate the general support formula. When the guarantee levels in equal yield formulas or the foundation amount in foundation formulas are changed, the basic equalizing tendencies of the school support mechanism are permitted to operate. Indeed, perhaps the greatest shortcoming of placing state resources into hold harmless provisions rather than into fundamental changes in the general support formula is that state policy makers soon lose sight of the basic objectives to be served by the state's role in the joint funding partnership.

Updating categorical aid formulas is also vitally important. High decline districts in urban areas usually have high concentrations of pupils requiring more intensive educational services. Those concentrations usually increase as enrollments decline since inter-district migrations tend to shift less needy and, therefore, less costly pupils away from the cities. Similarly, high decline rural districts may be faced with more extensive transportation requirements. In either case, one of the most direct ways to meet those special needs is through categorical programs in vocational, special and compensatory education in which the actual excess costs of providing such services are totally or largely covered by state aid. Similarly, if declining enrollments in rural areas force extra transportation costs and only a portion of those extra costs are covered through state aid, the increased local burden will be borne at the expense of the regular instructional program.

In sum, then, a comprehensive approach to addressing the special fiscal needs of high decline districts begins with a sound general school aid system in which the factors used to calculate the aid formula are changed regularly in response to changing conditions. It should also include aid for special high cost services that meet the fiscal requirements of districts with excessive needs for those services. Finally, declining enrollment aid provisions should be directed only at those districts with the highest rates of decline.

Employee Pensions and Early Retirements

State Boards should have two long range planning concerns regarding employee pension systems, even if they do not have official responsibility for supervision of such systems. First, teacher and non-certificated employee retirement systems should be fully funded.

A pension system is fully funded when yearly payments made to the system approximately equal the cost of benefits earned by employees during that year. In contrast to a "pay-as-you-go" system, the objective of such an actuarial full funding arrangement is for the system to have on hand, at the time a member retires and begins drawing benefits, an amount sufficient when invested at interest to provide all future benefits owed to the employee.

Not only should the system be fully funded in principle, it must operate that way in practice—and many state systems fail to meet that standard. Since long term increases in retirement costs can have a major impact on the future availability of revenues for direct educational purposes, each State Board must insure that its state retirement system is fully funded.

Second, given a fully funded system, early retirements can be encouraged. Some teachers and school district employees are anxious to retire early, and would probably be willing to do so if they were provided with sufficient incentives. Each state's pension system should be examined to determine the extent to which such incentives could be provided at no additional long term cost either to local districts, or to the retirement system itself.
States can do the following to encourage early retirement:

- **Eliminate penalties for early retirement.** For example, Illinois found that a retirement allowance paid at age 55 without penalty for early retirement can be less costly to the state than one that begins at age 60.
- **Permit districts to provide severence pay when teachers are eligible** and include such costs in those eligible for state aid.
- **Lower the age limit for retirement** if, like many states, the limit is currently higher than age 60.
- **Permit districts to hire as part-time consultants senior teachers who**

have retired early. These teachers can help in curriculum planning, inservice training or by providing assistance to new teachers. Retired teachers serving as part-time consultants would receive their retirement benefits plus their consulting income—and still save money for the school districts. A number of California districts have taken advantage of such legislation. For example, the Pasadena district has had as high as nine per cent of its staff working in this capacity.

In addition, states and local districts can use other techniques for reducing the cost associated with senior faculty. They can, for example, permit senior teachers to teach part time after age 55, and still make pension payments as if the teachers were full time. Also, districts can provide sabbatical leaves to highly experienced teachers for purposes of retraining to update skills. While such sabbatical leaves cannot save districts money, they do provide opportunities for upgrading the capabilities of teachers.

Technical Assistance Should Be Provided to Local Districts

Many school districts experiencing rapidly declining enrollments are faced with a combination of circumstances for which they are often ill prepared to cope without help. Both the techniques used to plan for decline and the process of community relations that becomes an integral component of planning require an impressive array of technological, planning and human relation skills. Some suburban districts, which have been able to call upon the services of local citizens who work in industrial management or university related professions, have been able to tackle the process of managing decline with little additional fiscal cost. Others have turned to university-based or private consulting groups for assistance. Many, however, have neither the availability of free local expertise nor the funds to hire outside assistance. Such districts are very much dependent upon the traditional technical assistance functions of the state education agency.

Of the 45 states that responded to our state level survey, 25 provided no special technical assistance to local districts to help them deal more effectively with problems created by enrollment declines. Of the twenty that are helping, nineteen indicated that state education agency staff are available on request. Five states have also published materials for local districts, three have organized and run workshops, two provide small planning grants and several will make district-level projections upon request.

Not only should states provide technical assistance, but they should do so in several new ways. These would include the following:

- **The development of standard procedures including computer programs that can be used by local school districts** to make within-district attendance area projections and to estimate the long term implications of various facility-closing options. Several states provide assistance with district-wide projections, but local officials must typically turn to outside consultants in order to assess within-district alternatives.
- **Assistance to school districts on matters of community relations in the process of school closings,** with particular attention to distress situations such as community opposition. This should be a major topic in state education agency workshops and publications concerning declining enrollments.
- **The development and dissemination of techniques for cost savings and for more effective management** planning and budgeting for declining enrollments. This is certainly not a commonly found state activity, though the Minnesota Task Force on Declining Enrollments has urged that Regional Educational Cooperative Service units be used for this purpose.

In addition, those states with intermediate service units can rely heavily on those units in providing assistance to local districts. Task forces in Minnesota and

Illinois, for example, have recommended that regional superintendents take an active role in enrollment projecting and planning, particularly for developing appropriate data and coordinating the work of local districts.

Set and Maintain Service Standards To Assure Quality Education For All Pupils

Though currently available evidence indicates that cutbacks in staff to the point where programs are substantially reduced or eliminated have not been widespread, programs have suffered in those districts that have not been able to maintain sufficient community support for increasing local taxes. First to be eliminated are supplemental services such as nurse-teachers, librarians and social workers, closely followed by reductions in music and art programs, particularly at the elementary level. Such cutbacks often occur in districts serving low income populations—large urban districts and property-poor rural districts—that even before the reductions barely achieved the standards commonly held throughout a state for "an adequate education program."

Many states long have had minimum staffing standards that must be met by local districts in order to receive their full apportionment of state aid. Though State Boards might be seen as playing into the hands of employee organizations that would prefer to have the state prescribe relatively high standards in order to provide more jobs, such provisions are sufficiently important to assuring equal opportunities to all of the state's pupils that they should be seriously considered.

Reform Inservice Education

Both the instability that results from severe reductions in force and the excessive stability caused by the lack of opportunity for new blood to join school facilities are conditions that deserve attention from State Boards.

State Boards should take the lead in focusing the energies of both the elementary/secondary and higher education communities on developing strategies for improving and updating the capabilities of the existing cadre of teachers. Increasingly, teacher training must be seen as a critical element in the process of planning and implementing instructional programs. State Boards are in a unique position to facilitate the opportunities in which reform of inservice training can occur.

Another component to the issue of staffing and seniority rights concerns the question of racial and sexual balance. State Boards can promote alterations to seniority based "bumping" procedures to insure that minority group teachers are adequately represented on teaching staffs. Many local teacher organizations have exhibited considerable willingness to modify seniority rules for this purpose.

STATE BOARD OF EDUCATION LEADERSHIP IN A "NO-GROWTH" FUTURE

The leadership of State Boards of Education can address declining enrollments in two ways. First, State Boards must insure that the effects of declining enrollments, like the effects of any other set of circumstances totally uncontrollable by local districts, do not jeopardize quality educational programs (i.e., that include art and music programs, libraries, nurses and the like) in those districts most

affected. Many states and localities are facing serious problems, particularly when declines occur simultaneously with a state and/or local fiscal crisis.

Second, State Board leadership should be directed at a far more general malaise afflicting education. The problems associated with fluctuating or declining enrollments, though not always critical in themselves, often serve as the most commonly available symbol of the shift from a condition of constant expansion to one of "no-growth" or retrenchment. Educators and educational policy makers have been inculcated with the inherent "goodness" of growth, and participation in a stable or declining enterprise is seen as less exciting. But, the period of expansion has occurred, perhaps not to return again. Even if elementary level enrollments increase in the early 1980's, in most places the effect will be only marginal, and many areas will continue to decline. Given the nature of the growth-oriented past, and the quite different future that has already begun, few educational leaders and communities possess the skills necessary to manage a no-growth enterprise.

Direction from State Boards of Education must emphasize systematic and effective long range planning to match the educational needs of each state's pupils to those resources that realistically are available. Legislators and governors will be primarily concerned with short term problems facing education, most notably those that have fiscal implications. Teacher organizations will carry their demands for both jobs and salaries to the political leadership. The State Board and state education agency must focus on the long term consequences of policy options to balance the needs of children against those of taxpayers and employees. In the no-growth future, issues that previously could be avoided under the pressure of immediate and often externally determined concerns must be faced. Such issues as the development of an operational standard for a quality or "thorough and efficient" education, comprehensive planning for the effective integration of federal and state funds, district-to-district inequities in resources and tax burdens must now be confronted.

In sum, then, there must be an enduring concern with planning, policy development, implementation and evaluation of strategies for improving education in a no-growth environment. As the primary custodians of the educational needs of each state's children, State Boards of Education must take the lead in demonstrating that education can adapt and prosper under changing conditions. □

SECTION III

ACTION ALTERNATIVES

NASBE Staff Recommendations To State Boards

The authors have made many excellent suggestions that State Boards can utilize in providing state level leadership in dealing with declining enrollments. The NASBE staff adds the following:

- **Ask your chief to summarize available in-state data and statistics regarding the impact of declining enrollments.** Once this data has been reviewed, identify information gaps and request that such information be gathered. Review this data and develop a systematic plan of action to assist local school districts facing problems of declining enrollments. This systematic plan should include state level technical assistance and some state level fiscal relief.
- **In an era of declining enrollments, fiscal austerity and reduced public confidence, State Boards may need to adopt stringent minimum standards to assure the continuation of minimal quality programs.** Where accreditation standards exceed minimum approval standards, State Boards should consider combining these two sets of standards. Such an effort would also require adequate state level funding. Establishing minimum standards will no doubt be controversial; however, if a State Board feels strongly about quality and accountability then resolute action is needed.
- **Without the influx of young teachers and administrators, the danger of professional stagnation is real. The State Board may need to place a much greater emphasis on staff renewal and retraining.** The State Board should call upon the colleges and universities to assist in such an effort, but should require that teachers play a major role in designing staff renewal and retraining programs. The State Board must assure however, that renewal and retraining programs be systematically designed and form a coherent and cohesive total program. (Sometimes in the past, staff renewal programs have borne little relationship to teaching—learning functions.)
- **Reduction in force (RIF) is both traumatic for staff and the point of major conflict between teacher associations and local boards. The State Board might consider convening an *ad hoc* task force** composed of teachers, administrators, board members and parents to design several model reduction in force procedures that would consider factors other than straight seniority within teaching categories. It is probable that such an effort would create anxiety within and perhaps resistance from the teachers' association.
- **Long range planning increasingly is becoming a prerequisite for survival in local school districts. The State Board and state education agency should definitely sponsor a series of state level workshops** to teach school district administrators how to effectively forecast and plan for five- and ten-year intervals. State Boards may wish to follow the New Jersey State Boards' lead in mandating long range planning as part of the school district approval process.

• **With school facilities becoming available for other uses, the State Board should encourage and facilitate interagency cooperation.** Empty schools and classrooms could be used as mental health and health screening centers, well-baby clinics, day care centers, family counseling centers, community recreation centers and for a variety of other uses. While there may be a long tradition of individual agency autonomy and isolation and while the topic of interagency cooperation may touch off the "protect my turf" syndrome, such cooperation should have considerable political attractiveness. State Boards might consider discussing the idea with the governor and key legislators before embarking on this course. □

SECTION IV

Appendix

Footnotes

[1]Robert J. Goettel and Dana W. Paige, "Problems and Opportunities for School Finance Posed By Declining Enrollments: A Survey of the States and Selected School Districts," forthcoming in *Selected Papers in School Finance* (Washington: Division of State Assistance, USOE, 1976).

[2]Russell G. Davis and Gary M. Lewis, *The Demographic Background to Changing Enrollments and School Needs* (Cambridge: Center for the Study of Public Policy, 1976). (Mimeograph copy).

[3]Calculated by Syracuse Research Corporation from Office of Civil Rights data tapes covering the period 1970-1974.

[4]G. Alan Hickrod, *et al., Enrollment Change and Educational Personnel Change in the K-12 Schools of Illinois* (Normal, Illinois: Illinois State University, Center for the Study of Educational Finance, 1976).

[5]Michigan State Department of Education, *Effects on Local Districts of Losses or Gains in Membership* (Lansing: Michigan SED, 1976), pp. 3-9.

[6]Hickrod, *op. cit.*, pp. 28-33.

[7]Paul Berman, Milbrey Walling McLaughlin, *et al., Federal Programs Supporting Educational Change*, Vol. 5 (Santa Monica, California: RAND Corporation, April 1975).

The RAND group is conducting for USOE a multi-year study of federally funded programs designed to introduce and to spread innovative practices in public schools. This study of change agents identifies factors that promote or inhibit various kinds of changes in schools undertaking projects financed by four different federal aid programs.

[8]Charles L. Blaschke, *et al., The Cost-Effectiveness Study of Michigan Compensatory Education Programs* (Lansing: Michigan State Department of Education, May 1976).

[9]*Report of the Illinois Task Force on Declining Enrollments in the Public Schools* (Springfield: Illinois Office of Education, 1975); *The Impact of Fluctuating School Enrollments on Minnesota's Educational System* (St. Paul: Minnesota State Legislature, 1976).

[10]*Ibid.*

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Hickrod, G. Alan, Thomas Wei-Chi Yang, Ramesh Chaudhari and Ben C. Hubbard. *Enrollment Change and Educational Personnel Change in the K-12 Schools of Illinois*. Research Report 3-HYCH-76. Illinois State University, Center for the Study of Educational Finance. Supplement to the Report of the Illinois Task Force on Declining Enrollments in the Public Schools. Normal, Illinois, March 1976.

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National School Boards Association. "Declining Enrollment." Research Report 1976-1. Evanston, Illinois.

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A Preliminary Report to the Minnesota State Legislature: The Impact of Fluctuating School Enrollments on Minnesota's Educational System. Submitted by the Advisory Council on Fluctuating School Enrollments. St. Paul: Minnesota State Legislature, January 1976.

Analysis of the effects of fluctuating enrollments on costs and quality of education. Includes statewide enrollment projections and assumptions on which they are based.

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"School Finance—Declining Enrollments." Issue Paper No. 2, Part B. Commission on State—Local Relations and Financing Policy. Wisconsin Department of Education, April 1976.

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"The Shrinking School District: A Preliminary Study of Declining Enrollments in California School Districts." Sacramento: California State Department of Education, July 1974.

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